



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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20-18 City of Colorado Springs and Colorado Springs Utilities Qualifying Stormwater Expenses Verification

June 2020

Purpose

The purpose of this audit was to monitor and verify the level of stormwater spending by City of Colorado Springs (City) and Colorado Springs Utilities (Utilities) as specified in the Intergovernmental Agreement (IGA) between the City, Utilities, and Pueblo County. This audit reviewed calendar year 2019 spending.

Highlights

We conclude, based on preliminary financial statements, the identified activities, timing, and \$20.65 million of expenditures and encumbrances claimed in the *Stormwater Control Program Inter-Governmental Agreement (IGA) Annual Report of Final Expenditures Calendar Year 2019* (IGA Report– June 2020) met the criteria for the IGA between the City, Utilities, and Pueblo County. Reported expenditures exceeded the minimum annual and average annual commitment.

The City and Utilities are required collectively to invest \$20.0 million annually, on average during the first five years on the Stormwater Control Program per the IGA. The program includes a Capital Improvements Program, provisions for operation and maintenance of the City's stormwater facilities, compliance with the City's MS4 Permit, and protection of Utilities infrastructure from stormwater. For the 2019 calendar year reporting period, the City and Utilities have invested a total of \$20.65 million, with Utilities reporting \$4.09 million on the Sanitary Sewer Creek Crossing Program (SSCC). To evaluate the City's and Utilities' spending, we reviewed 100% of the expenditures for the 16 IGA required capital projects, 17 other Stormwater Capital Projects (see page 2), operations and maintenance of the stormwater facilities, compliance with the MS4 Permit, and all Utilities SSCC activities for the following criteria:

- Expenditures were made between 1/1/2019 and 12/31/2019.
- Infrastructure expenditures were undertaken primarily to provide stormwater control.
- Activities were not required by other regulatory permits, consent agreements, or governmental regulations.

	Minimum Annual Commitment (2016-2020)	Average Annual Commitment (2016-2020)	2019 Expenditures*
City Stormwater Program	\$ 13,500,000	\$ 17,000,000	\$ 16,558,968
Utilities SSCC	\$ 3,000,000	\$ 3,000,000	\$ 4,093,307
Total	\$ 16,500,000	\$ 20,000,000	\$ 20,652,275

*The IGA defines expenditures as both actual expenditures and encumbered funds. Encumbered funds must be appropriated and placed into a restricted fund or account.

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20-18 CITY OF COLORADO SPRINGS AND COLORADO SPRINGS UTILITIES QUALIFYING STORMWATER EXPENSES VERIFICATION

In addition, we inquired if outside technical engineering experts hired by Pueblo County had any concerns or comments on the March 31, 2020, 2019 IGA report. As of the end of our review, none had been expressed.

Expenditures, from preliminary financial statements, were verified in the City of Colorado Springs financial accounting system. All expenses claimed on the 2019 IGA report for Drainage O&M, MS4 Program, and Capital Projects were validated as paid from the General Fund or from the Stormwater Enterprise Fund. The accounting for encumbrances for stormwater expenditures was reviewed and found to be restricted or reserved in accordance with the City's established process.

Colorado Springs 2019 IGA Capital Projects Detail			Colorado Springs Utilities SSCC Program Activities	
IGA Project No.	Project name	Actual Spend (\$)	Project name	Actual Spend (\$)
1	Emergency Stormwater Projects	\$ 2,371,301	Monument Creek Stream Stabilization Upstream of Pikeview Intake— Permitting Closeout	\$ 23,540
6	USAFA Drainages (Monument Branch)	\$ 107,004	CSR Sludgeline Bank Protection, Design	\$ 1,548,122
7	Fairfax Tributary Detention Pond	\$ 122,006	Dry Creek Stream Stabilization Downstream of Dawson Drive, Phase I Construction	\$ 292,559
8	King Street Detention Pond	\$ 1,270	Monument Creek at Uintah Street Bank Stabilization-Design	\$ 35,189
11	Camp Creek Phase I	\$ 354,499	North Pulpit Rock Creek at Monument Creek Stream Stabilization—Construction	\$ 170,725
13	Water Quality Project	\$ 836,255	Revegetation Services Monument Creek Wetlands Upstream of Pikeview	\$ 34,522
15	Citadel Mall Neighborhood Improvements	\$ 3,765	Cottonwood Creek at Austin Bluffs to Powers Stream Stabilization—Design	\$ 401,277
23	North Chelton Road	\$ 67,702	Sand Creek Upstream of Constitution Pond Stream Stabilization—Construction	\$1,039,675
26	Sand Creek South of Platte— Grant Match	\$ 894,681	Sand Creek Upstream of Chelton Road Stream Stabilization—Design	\$484,203
31	Rangewood Tributary Detention Pond	\$ 1,020,326	Owen Hall Dam Diversion Fountain Creek Access at Clear Spring Ranch	\$62,578
65	Cottonwood Creek Detention Basins	\$ 170,251	Sand Creek Downstream of West Fork Confluence Bank Stabilization	\$917
100	Pine Creek Drainage Corridor Detention Pond	\$ 1,178,125	Total Utilities SSCC Program 2019 Project Costs	\$4,093,307
101	Scarborough Dr. Detention Facility	\$807,429		
103	Pine Creek Channel Improvements Phase I	\$269,356		
105	Flying Horse Pond 1 Retrofit	\$127,458		
0	FEMA Grant Projects (City Funds)	\$ 312,654		
Various	Project Scoping and Definition (IGA Projects)	<u>\$ 44,804</u>		
	Total 2019 Stormwater Capital Project Expenditures	\$ 8,688,886		
Other	Non-IGA Stormwater Capital Projects Expenditures	<u>\$ 3,500,553</u>		
	TOTAL Stormwater Capital Projects Expenditures	\$ 12,189,439		

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.